

International Tax Environment

Aruba is part of the Kingdom of the Netherlands. Aruba is an independent tax jurisdiction within the Kingdom, i.e. apart from the Netherlands and apart from the Netherlands Antilles. Aruba's economy is largely dependent on the tourist industry and on the oil refinery. The financial sector, although well developed, is relatively small.

When Aruba became independent, in 1986, it initially copied existing tax legislation of the Netherlands Antilles. However, since that date Aruba has been developing its own tax legislation. Major tax reforms took place in 2003 and 2006.

In the late nineties of the previous century Aruba was blacklisted by the OECD and by the European Code of Conduct Group (Primarolo). Due to commitments made by Aruba and due to the implementation of these commitments in the tax reforms in 2003 and 2006, Aruba has been removed from these two blacklists. As a consequence, Aruba is 'clean' from an OECD and EU perspective.

Aruba concluded a tax information exchange agreement with the United States of America in 2004, and it is willing to conclude similar treaties with other OECD member states. Also, in 2005, Aruba concluded agreements with all EU member states with respect to the automatic exchange of information about savings income (EU Savings Directive). With respect to conventions on the avoidance of double taxation, currently the only convention in place is the Tax Arrangement of the Kingdom, which functions as a multilateral tax treaty between the three states of the Kingdom of the Netherlands.

Finally, Aruba has concluded (or has become a party to) quite a few agreements that offer trade and investment protection with other jurisdictions, both within and outside the Caribbean region. Some of these agreements also contain provisions that may be relevant for tax purposes.

For Aruba's international position in the indirect tax area please refer to the section about the Free Zone Regime.